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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/738,618	12/15/2000	Mark A. Henninger	00-416	2172

719 7590 01/12/2005

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PATENT DEPT.
PEORIA, IL 616296490

EXAMINER

HAMILTON, LALITA M

ART UNIT	PAPER NUMBER
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3624

DATE MAILED: 01/12/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/738,618

Applicant(s)

HENNINGER ET AL.

Examiner

Lalita M Hamilton

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 14 October 2004.
- 2a) ☐ This action is FINAL. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-8 is/are pending in the application.
- 4a) Of the above claim(s) 9-20 is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-8 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: _____

DETAILED ACTION

Summary

On July 23, 2004, an Election/Restriction requirement was mailed to the Applicant. On October 14, 2004, the Applicant responded to the requirement.

Election/Restrictions

The Applicant has elected group I, claims 1-8 without traverse. Claims 9-20 have been withdrawn from further consideration.

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1-8 are rejected for insufficient antecedent basis for the following limitations in the following claims:

Claim 1 recites "amount" and "bond valuations".

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-8 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

35 USC 101 requires that in order to be patentable the invention must be a "new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof" (emphasis added).

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Claims 1-8 are rejected under 35 U.S.C. 101 because; the claimed invention is directed to a non-statutory subject matter. Specifically the method claims as presented do not claim a technological basis in the pre-amble and the body of the claim. Without a claimed basis, the claim may be interpreted in an alternative as involving no more than a manipulation of an abstract idea and therefore non-statutory under 35 U.S.C. 101. In contrast, a method claim that includes in the body of the claim structural / functional interrelationship which can only be computer implemented is considered to have a technological basis [See Ex parte Bowman, 61 USPQ2d 1669, 1671 (Bd. Pat. App. & Inter. 2001) - used only for content and reasoning since not precedential].

In order to over come the 101 rejection above, the following preamble is suggested:

-A computer implemented method for ---, or something similar. Also, in the body of the claim include structural / functional interrelationship which can only be computer implemented.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-5 are rejected under 35 U.S.C. 103(a) as being unpatentable over Falkenstein in view of HNG.

Falkenstein discloses a method for minimizing basis risk comprising hedging the

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amount of a bond against other securities, the amount of the bond hedged by other securities to change similarly with the mark-to market value of other securities to the mark-to-market value of the bond to the security mark-to-market value to the bond mark-to-market value by varying the ratio of the bond being to the security in each predetermined period of time to compensate for differences in security and the bond valuations (p.2-3 and 7-11), and the maturity of said security and the bond may be closely matched (p.2-3 and 7-11). It is inherent that a lesser amount of the bond may be hedged by the security when the bond maturity is longer, since the longer the maturity, the more susceptible the security is to interest rate risk. However, Falkenstein does not disclose hedging the amount of the bond by a swap wherein the amount of the bond hedged by the swap varies during the life of the swap, an interest rate change that may having a similar dollar impact on the swap mark-to-market value and the bond mark-to-market value, or the ratio of the bond being hedged to the swap varying to maintain similar amounts of dollar value volatility as the maturity ratio of the bond to the swap changes. HNG teaches a financial strategy comprising hedging the amount of a security by a swap wherein the amount of the security hedged by the swap varies during the life of the swap (p.2-4 and 6), an interest rate change that may having a similar dollar impact on the swap mark-to-market value and the security mark-to-market value (2-4 and 6), and the ratio of the security being hedged to the swap varying to maintain similar amounts of dollar value volatility as the maturity ratio of the security to the swap changes (p.2-4 and 6). It would have been obvious to one having ordinary skill in the art at the time the invention was made to incorporate hedging the amount of

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the security by a swap wherein the amount of the security hedged by the swap varies during the life of the swap, an interest rate change that may having a similar dollar impact on the swap mark-to-market value and the security mark-to-market value, and the ratio of the security being hedged to the swap varying to maintain similar amounts of dollar value volatility as the maturity ratio of the security to the swap changes, as taught by HNG into the method disclosed by Falkenstein, as an alternative financial instrument used in the hedging process.

Claims 6-8 are rejected under 35 U.S.C. 103(a) as being unpatentable over Falkenstein and HNG as applied to claim 1 above, and further in view of king (5,742,775).

Falkenstein discloses and HNG teaches the invention substantially as claimed; however, neither reference discloses nor teaches the method of compensatory ratio hedging being computer-implemented or a computer readable medium having computer-executable instructions for performing the steps in claim 1. King teaches a computer-implemented apparatus for creating a financial instrument (col.5, line 59 to col.6, line 11; col.12, lines 5-33; and fig.1: 107). It would have been obvious to one having ordinary skill in the art at the time the invention was made to incorporate a computer-implemented apparatus, as taught by King into the method disclosed by Falkenstein and taught by HNG, to provide a computer readable medium capable of carrying out instructions to perform the transactions and calculations.

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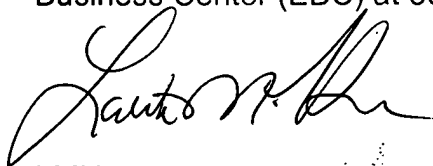
Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. Mosler (6,304,858) teaches a method and corresponding system for trading interest rate swaps.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Lalita M Hamilton whose telephone number is (703) 306-5715. The examiner can normally be reached on Tuesday-Thursday (8:30-4:30).

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (703) 308-1065. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



LMH